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Nos. 15-446

In the Supreme Court of the United States

CUOZZO SPEED TECHNOLOGIES, LLC,
Petitioner,

v.

MICHELLE K. LEE, UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR, PATENT AND TRADEMARK OFFICE,
Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF OF NATIONAL ASSOCIATION OF PATENT PRACTITIONERS, INC. AS *AMICUS CURIAE* IN SUPPORT OF PETITIONER

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INTEREST OF *AMICUS CURIAE*[1]

Amicus the National Association of Patent Practitioners ("NAPP") is a nonprofit professional association of approximately 400 patent lawyers and patent agents who are licensed by the United States Patent and Trademark Office ("PTO") to write patent applications and procure patents for their clients. NAPP is dedicated to supporting patent practitioners and those working in the field of patent law in matters relating to patent prosecution. NAPP's mission is to provide networking, education, collegial exchange, benefits, and a collective voice in the larger intellectual property community on patent law and prosecution practice, so that patent practitioners can achieve the highest levels of competence and professionalism in their practices. Because of that focus, NAPP members have some of the most extensive and intimate experience with the day-to-day reality of patent examination at the PTO and the impact of that process on inventors, especially smaller applicants such as start-up companies and individual inventors with less political influence. NAPP and its members have a corresponding interest in the fairness, efficiency, and predictability of patent examination.

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[1] Pursuant to Supreme Court Rule 37.6, counsel for *amicus* represent that they authored this brief in its entirety and that none of the parties or their counsel, nor any other person or entity other than *amicus* or its counsel, made a monetary contribution intended to fund the preparation or submission of this brief. Pursuant to Rule 37.3(a), counsel for *amicus* represent that all parties have consented to (or not objected to) the filing of this brief. Cuozzo filed a letter granting blanket consent to the filing of *amicus* briefs. Written consent from counsel for Director Lee is being filed contemporaneously with the brief.

More specifically, NAPP members have extensive experience with how the roughly seven thousand patent examiners at the PTO, as well as the over 200 administrative patent judges of the Patent Trial and Appeal Board ("PTAB"), apply the "broadest reasonable interpretation" ("BRI") standard during the patent examination process. Prosecution depends heavily on the claim-construction standard used by the agency. NAPP members know well the impact of the BRI standard on cost and predictability of examination. NAPP members have a corresponding interest in crafting patent claims that are sufficiently clear to be enforced and defended from challenge. *See Nautilus, Inc.* v. *Biosig Instruments, Inc.*, 134 S. Ct. 2120 (2014) (highlighting the notice function of patents).

NAPP's *amicus* brief here focuses on only one of the two issues for which the Court granted *certiorari*, namely whether the PTAB should apply the BRI standard during *inter partes* review ("IPR") proceedings. NAPP takes no position on the other question for which the Court granted *certiorari* regarding the reviewability of IPR institution decisions.

SUMMARY OF ARGUMENT

The parties have framed this petition in terms of whether the BRI standard is appropriate in a narrow context, namely the new IPR proceeding created by the America Invents Act. Pub. L. No. 112-29, 125 Stat. 284 (2011). A bare Federal Circuit panel majority held that IPR proceedings provide an opportunity to amend claims that is sufficiently robust to justify application of the BRI standard. *In re Cuozzo Speed Technologies, LLC*, 793 F.3d 1268 (Fed. Cir. 2015) (amended opinion on rehearing), *rehearing en banc denied*, 793 F.3d 1297 (Fed. Cir. 2015) (dissents and

concurrence; 6-5 vote). The implicit assumption in all opinions was that use of the BRI standard turns primarily on whether patent owners can amend their claims in IPR proceedings. The Court should question that assumption: In deciding this matter, the Court should not assume that the BRI standard is appropriate in any context.

Broader than the question of whether the BRI standard is appropriate for IPR proceedings is the question of whether the BRI standard is ever appropriate. The PTO uses a different claim-construction standard during examination than the courts use during litigation. Yet neither Congress nor this Court has authorized different standards for claim construction. Lower courts have approved use of such dual standards, but their jurisprudence on claim construction is also internally inconsistent.

In the absence of a controlling statute, the existence of two different standards for patent claim construction cannot be justified. Such dual standards conflict with a host of this Court's precedents on the importance of notice, fairness, and uniformity in this area of the law. Traditionally, lower courts justified the BRI standard by alleging that the different standard merely forces patent applicants to make harmless amendments to clarify their claims. Yet intervening acts by Congress and this Court have resulted in claim amendments having significant adverse consequences for inventors, thus undermining the justification for the BRI standard. As NAPP members' experiences show, the BRI standard and the use of dual claim-construction standards cause numerous practical problems for the patent system.

ARGUMENT

I. The law does not require applying two different standards for claim construction.

A. Congress has never indicated that there should be two separate standards for claim construction.

Congress envisioned a unitary standard, applicable to both patent examination and litigation. *See generally* Christopher A. Cotropia, *The Unreasonableness of the Patent Office's "Broadest Reasonable Interpretation" Standard*, 37 AIPLA Q.J. 285 (2009). Congress instructed the Director to "cause an examination to be made of the application and the alleged new invention." 35 U.S.C. § 131. "[I]f on such examination it appears that the applicant is entitled to a patent under the law, the Director shall issue a patent therefor." *Id.* Consistent with that mandate, the Director examines patent applications for compliance with §§ 101, 102, 103, 112, and the other relevant provisions of the Patent Act, as well as relevant nonstatutory law. *See* Manual of Pat. Exam. Proc. § 2103 (9th ed. Oct. 2015) ("Patent Examination Process") (stating "each claim should be reviewed for compliance with every statutory requirement for patentability in the initial review of the application"). Prefatory 35 U.S.C. § 101 states that "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title." Similarly, § 102 states that a "person shall be entitled to a patent unless" one of several prior art conditions applies.

Tellingly, courts apply the same statutes—35 U.S.C. §§ 102, 103, 112—during both examination and litigation. Congress explicitly commanded the courts during litigation to refer to the same statutes that the PTO uses during examination. 35 U.S.C. § 282(b). In the rare instances when Congress sought to deviate from a unitary standard and distinguish between examination and litigation, Congress did so expressly. *Compare, e.g.*, 35 U.S.C. § 112(a) (best mode required during examination), *with* 35 U.S.C. § 282(b)(3)(A) (best mode defense unavailable during litigation). The patent statutes contain no parallel signal from Congress for the PTO to use a different claim construction standard than the courts.

B. The PTO's creation of two separate standards for claim construction conflicts with this Court's closest precedents.

No decision from this Court has authorized the PTO to perform claim construction during examination differently from claim construction during litigation. No Supreme Court decision mentions the phrase "broadest reasonable interpretation," much less approves the BRI standard in any procedural context. To the contrary, this Court's closest precedents in the field of patents highlight the principles of notice, fairness, uniformity, and fidelity to the statute—all of which call into question the use of two separate claim-construction standards.

1. Most recently, this Court reminded the lower courts, "[A] patent must be precise enough to afford clear notice of what is claimed." *Nautilus*, 134 S. Ct. at 2129. "Otherwise there would be '[a] zone of uncertainty which enterprise and experimentation may enter only at the risk of infringement claims.'" *Id.*

(*quoting United Carbon Co.* v. *Binney & Smith Co.*, 317 U.S. 228, 236 (1942)).

The BRI standard undermines the notice function of patents. Because the PTO conducts examination of patent applications under a different claim-construction standard than the one used in court, the entire prosecution history at the PTO becomes tainted and less helpful than it would be under a unitary standard. Any member of the public who wishes to rely on a statement in the prosecution history must question whether it will remain true when analyzed under the different standard in court. The two separate standards for claim construction also forces parties to re-construe the same claim language in separate forums.

2. This Court has emphasized the important of uniformity in the specific context of patent claim construction:

> Some persons seem to suppose that a claim in a patent is like a nose of wax which may be turned and twisted in any direction, by merely referring to the specification, so as to make it include something more than, or something different from, what its words express. The context may, undoubtedly, be resorted to, and often is resorted to, for the purpose of better understanding the meaning of the claim; but not for the purpose of changing it, and making it different from what it is. The claim is a statutory requirement, prescribed for the very purpose of making the patentee define precisely what his invention is; and it is unjust to the public, as well as an evasion of the law, to construe it in a manner different from

> the plain import of its terms. This has been so often expressed in the opinions of this court that it is unnecessary to pursue the subject further.

White v. *Dunbar*, 119 U.S. 47, 51-52 (1886). Consistent with the uniformity principle, this Court has repeatedly held "that which infringes, if later, would anticipate if earlier." *Knapp* v. *Morss*, 150 U.S. 221, 228 (1893) (citing cases). Similarly, the Federal Circuit observes that "[a]s this court has repeatedly instructed in the past, '[i]t is axiomatic that claims are construed the same way for both invalidity and infringement.'" *Source Search Technologies, LLC* v. *LendingTree*, 588 F.3d 1063, 1075 (Fed. Cir. 2009) (*citing Amgen Inc.* v. *Hoechst Marion Roussel, Inc.*, 314 F.3d 1313, 1330 (Fed. Cir. 2003)).

This Court has also emphasized the principle of uniformity in related areas of patent law. This Court explicitly cited "uniformity" in claim construction as a reason to allocate patent claim construction to judges rather than juries. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 390 (1996). The Court explicitly cited "uniformity" as the reason why the Founders in the Constitution empowered Congress, rather than the states, to grant patents and the reason why Congress created the Federal Circuit as the centralized destination for federal patent appeals. *See Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 489 U.S. 141, 162 (1989); *Markman*, 517 U.S. at 390.

The BRI standard violates the spirit of uniformity that this Court has emphasized throughout its precedents. Patent claims are not like a "nose of wax." *Dunbar*, 119 U.S. at 47 The meaning of patent claims should not change between different occasions

or when construed by different tribunals. The PTO flouts the public policy of uniformity by adopting a special rule that construes claims in a manner different than the courts.

3. This Court's precedents highlight the fairness of rewarding the Nation's inventors with patents in exchange for revealing their secret inventions to the public. "The federal patent system thus embodies a carefully crafted bargain for encouraging the creation and disclosure of new, useful, and nonobvious advances in technology and design in return for the exclusive right to practice the invention for a period of years." *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 489 US 141, 150-51 (1989). "Letters patents are ... to be regarded ... as matter of compensation to the inventors for their labor, toil, and expense in making the inventions, and reducing the same to practice for the public benefit, as contemplated by the Constitution and sanctioned by the laws of Congress." *Pfaff* v. *Wells Electronics, Inc.*, 525 U.S. 55, 63-64 (1998) (*quoting Seymour* v. *Osborne*, 78 U.S. 516, 533-34 (1871)). *See also* U.S. Const., Art. I, Sec. 8, clause 8 (Congress has power "To promote the Progress of ... useful Arts, by securing for limited Times to ... inventors the exclusive Right to their respective ... Discoveries").

The BRI standard unbalances the "carefully crafted bargain" that Congress struck between the interests of the Nation's inventors and the public at large. In essence, the BRI standard expands the scope of the claims under examination from the scope that an inventor seeks to patent. The PTO then forces the inventor to defend the patentability of that expanded claim scope. Finally, after the inventor successfully defends the patentability of the expanded claim

scope, the court only enforces the narrower scope of protection. In sum, the PTO forces inventors to defend the patentability of more than they seek to patent and, in return, the PTO grants a property right to less than inventors successfully defended as patentable. Such distortion in claim construction violates the "carefully crafted bargain" that Congress struck in patent law.

Dual claim-construction standards cannot pass muster as sound policy embodied in non-statutory law. Supreme Court precedents in the field of patent law emphasize fidelity to the statute, at least because Congress has the primary duty, within constitutional limits, to regulate the innovation economy. "This Court has 'more than once cautioned that courts "should not read into the patent laws limitations and conditions which the legislature has not expressed."'" *Bilski* v. *Kappos*, 561 U.S. 593, 602 (2010) (*quoting Diamond* v. *Diehr*, 450 U.S. 175, 182 (1981) (*in turn quoting Diamond* v. *Chakrabarty*, 447 U.S. 303, 308 (1980))). The PTO's creation of a separate standard for claim construction violates those repeated commands from this Court, because the separate claim-construction standard creates an extra condition for patentability, *i.e.*, the condition that the PTO will grant a patent only if the inventor succeeds in defending the patentability of the "broadest" claim scope permissible under the BRI standard. The BRI standard has no meaningful connection to the statutory plan.

The BRI standard's long history of approval by the lower courts, relied on by the Federal Circuit majority below, does not require continuing a flawed and unapproved policy. In the field of patent law, this Court has not hesitated to reverse longstanding Fed-

eral Circuit tests that flout the statutory plan or result in illogical outcomes. *E.g.*, *Nautilus*, 134 S. Ct. (reversing longstanding "insolubly ambiguous" test for indefiniteness); *Highmark Inc.* v. *Allcare Health Management*, 134 S. Ct. 1744 (2014) (reversing longstanding *de novo* standard of review); *Octane Fitness* v. *Icon Health & Fitness*, 134 S. Ct. 1749 (2014) (reversing longstanding "inappropriate conduct or bad faith" test for fee shifting); *KSR Intern. Co.* v. *Teleflex Inc.*, 550 U.S. 398 (2007) (reversing use of the longstanding "teaching-suggestion-motivation" test as the sole test for obviousness).

C. Lower courts have approved the BRI standard despite inconsistent contrary rulings.

The Federal Circuit and its predecessor court have approved the PTO's use of the BRI standard. *See generally In re Morris*, 127 F.3d 1048 (Fed. Cir. 1997).[2] Yet the Federal Circuit has internally conflicting precedent. For example, the Federal Circuit

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[2] The seminal Federal Circuit explanation of the litigation standard for claim interpretation is *Phillips* v. *AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (*en banc*). The Federal Circuit has attempted to minimize the difference between the two claim-construction standards from time to time, including recently, after *certiorari* was granted here. *See, e.g.*, *TriVascular v. Samuels*, No. 15-1631 (Fed. Cir. Feb. 5, 2016). Nevertheless, the PTO has admitted that the BRI standard is meaningfully different. Manual Pat. Exam. Proc. § 2111 (9th ed. Oct. 2015) ("the Office does not interpret claims in the same manner as the courts"); 77 Fed. Reg. 48680, 48697 (Aug. 14, 2012) ("the Federal Circuit has acknowledged the longstanding practice that the patent system has two claim construction standards, the 'broadest reasonable interpretation' standard applied to Office's proceedings, and that used by district courts in actions involving invalidity and infringement issues").

has held that "[c]laims may not be construed one way in order to obtain their allowance and in a different way against accused infringers." *Southwall Technologies, Inc. v. Cardinal IG Co.*, 54 F.3d 1570, 1576 (Fed. Cir. 1995). The PTO violates this Federal Circuit precedent by systematically construing claims one way under the BRI rule in judging allowability, even though the district courts will construe the same claims a different way in judging infringement.

Similarly, the Federal Circuit *en banc* held that a long history of deviating from the statute offered no valid excuse for the PTO to construe patent claims more broadly than the courts under the special rule of 35 U.S.C. § 112(6) (now § 112(f)):

> The fact that the PTO may have failed to adhere to a statutory mandate over an extended period of time does not justify its continuing to do so.... The fact that paragraph six does not specifically state that it applies during prosecution in the PTO does not mean that paragraph six is ambiguous in this respect. Quite the contrary, we interpret the fact that paragraph six fails to distinguish between prosecution in the PTO and enforcement in the courts as indicating that Congress did not intend to create any such distinction.

In re Donaldson Co., 16 F.3d 1189, 1194 (Fed. Cir. 1994) (*en banc*). Remarkably, the Federal Circuit chastised the PTO for creating a different claim-construction standard than the courts use in the context of § 112(f) without recognizing that the same reasoning would undermine the BRI standard in general, outside of the narrower context of § 112(f).

This case provides an opportunity for the Court to complete the reasoning in *Donaldson* by observing that the PTO should construe claims in the same manner as the courts, because the PTO grants the same property rights that the courts enforce. At least, the Court may explicitly state that its decision in this case does not approve the PTO's practice of applying the BRI standard in any context.

D. Intervening actions by Congress and this Court undermine the ostensible justifications for the BRI standard.

The ostensible justification for the BRI standard is that it simply forces applicants to clarify their claims through amendments. *See In re Zletz*, 893 F.2d 319, 321 (Fed. Cir. 1990) ("The reason is simply that during patent prosecution when claims can be amended, ambiguities should be recognized, scope and breadth of language explored, and clarification imposed."). The implication is that, during prosecution, amending claims is harmless: It adds clarity, which benefits the public, yet costs an applicant little or nothing. Even if that reasoning had some validity when the BRI standard first emerged roughly a century ago, intervening acts by Congress and decisions of this Court have undermined the reasoning. Under modern law, claim amendments have significant adverse consequences for the Nation's inventors.

1. As an initial matter, it is unnecessary for the PTO to create an additional legal mechanism to improve the clarity of patents. Congress has already established a single standard for the clarity of patent claims. 35 U.S.C. § 112(b). This Court recently explained that Congress's standard strikes a careful balance between the interests of inventors and the

public at large: "The definiteness requirement, so understood, mandates clarity, while recognizing that absolute precision is unattainable." *Nautilus*, 134 S. Ct. at 2129.

The PTO's application of the BRI standard distorts that careful balance, by requiring inventors either to defend a claim scope that the PTO has artificially inflated or to amend their claims for the purpose of extra clarity even if they already satisfy the *Nautilus* standard.[3] Typically, to obtain allowance of a claim rejected using the BRI standard, the applicant must amend the claim to overcome prior art, even though the original claim does not read on the prior art under the narrower standard used in court, and even if the claim's scope is sufficiently clear under *Nautilus*. In other words, the PTO's ability to enter a rejection under 35 U.S.C. § 112(b), in accordance with this Court's guidance in *Nautilus*, is sufficient to address concerns about claim clarity and overbreadth.

2. Moreover, it is no longer true that amendments cost applicants nothing. First, at the start of the 20th century, the PTO liberally granted applicants the right to amend patent claims. Since then, the PTO has adopted a policy of "compact prosecution." *See* U.S. Dep't. of Commerce, New Examining Procedures, 781 Off. Gaz. Pat. Office 1 (Aug. 7, 1962). This policy sharply limited the number of amendments that patent applicants could make by right without filing a continuation application. Second, in 1995 Congress began measuring patent term with refer-

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[3] The PTO's entire chain of reasoning for expanding claim scope to ensure claim clarity makes the fundamental mistake of confusing breadth with indefiniteness. "Breadth is not indefiniteness." *In re Gardner*, 427 F.2d 786, 788 (C.C.P.A. 1970).

ence to the filing date rather than the grant date. Uruguay Round Agreements Act, Pub. L. 103-465, 108 Stat. 4809 (1994). One consequence of this statutory change is that claim amendments typically shorten the enforceable term of the patent. Third, Congress promulgated a law that generally results in the publication of patent applications 18 months after filing. American Inventors Protection Act of 1999, Pub. L. No. 106-113, 113 Stat. 1501. In exchange for revealing previously secret inventions to the public before patent issuance, Congress also created "provisional rights" for inventors whose published, claimed inventions are used before the patent issues. 35 U.S.C. § 154(d). Yet claim amendments, which are the natural result of the PTO's BRI standard, generally negate those provisional rights. 35 U.S.C. § 154(d)(3). Fourth, in *Festo* v. *Shoketsu*, 535 U.S. 722 (2002), this Court recognized a presumptive bar to in inventor's use of the doctrine of equivalents when the patent applicant had amended the claims to overcome a rejection at the PTO. Thus, after *Festo*, claim amendments will sacrifice claim scope traditionally protected under the doctrine of equivalents. *See Warner-Jenkinson Co.* v. *Hilton Davis Chemical Co.*, 520 U.S. 17 (1997) (reaffirming the availability of the doctrine of equivalents).

3. The PTO applies the BRI standard not only in original prosecution but also in PTO procedures after patent grant, when the adverse consequences of these amendments are even more costly to inventors. *In re Yamamoto*, 740 F.2d 1569, 1571 (Fed. Cir. 1984) (reexamination); *In re Reuter*, 651 F.2d 751, 756 (CCPA 1981) (reissue). If an inventor is forced to amend an *issued* patent to avoid a BRI-based art rejection, but would not have needed to amend had the

PTO used court claim-construction principles, the results can be dire. Traditionally the common law provided intervening rights for accused infringers who can escape liability when patent owners amend their issued patents. *See Sontag Chain Stores Co.* v. *Nat'l Nut Co.*, 310 U.S. 281, 293-95 (1940) (discussing history and policy behind the common law rule). Congress codified intervening rights in the Patent Act. *See* 35 U.S.C. § 252 (reissue), § 307(b) (reexamination), and § 318(c) (IPR). The PTO's use of BRI to require unnecessary amending of issued patents harms inventors by causing loss of infringement damages through the intervening rights defense.

II. Having two different standards for claim construction causes practical problems.

A. In practice, the BRI standard complicates patent examination and systematically results in overbroad claim constructions.

The experiences of NAPP members show that the BRI standard complicates patent examination. Members perceive that BRI is subject to misinterpretation and systematic misuse by PTO examiners. In practice, many rejections at the PTO rely on overbroad interpretations of claim terms. Examiners naturally focus on the modifier "broadest" while ignoring the qualifier "reasonable." For example, an examiner might interpret the words "transparent film" for a food packaging film to mean "transparent to X-rays," even if the context in the patent specification involves a film that is opaque to the human eye. Unsurprisingly, examiners often ignore the context of the specification and commonly adopt implausible, albeit sometimes creative, definitions of claim terms. In practice, the accompanying instruction for the

claim construction to be "reasonable" does not constrain examiners; after all, examiners naturally tend to think that their interpretations are reasonable.

An inventor can challenge an examiner's claim construction by appeal, either to the PTO's Patent Trial & Appeal Board or the courts, 35 U.S.C. §§ 134, 141, 145, but at high cost and with long delay. http://www.uspto.gov/dashboards/patenttrialandappealboard/main.dashxml (most intra-agency appeals have had more than 14 months' waiting time after briefing). Accordingly, pragmatic applicants often amend their claims simply to placate unreasonable examiners and to avoid the cost and delay of appeal.

When applicants do appeal examiners' claim constructions under the BRI standard, the outcomes can be unpredictable. The words "broadest" and "reasonable" are in inherent tension with one another, which naturally results in variable or even outcome-oriented decision making at the PTO's appeal board.[4]

In addition to the lost rights outlined above in terms of patent term and claim scope, claim amendments during patent examination cause other practical problems. A claim amendment forced by overbroad use of the BRI standard results in a needless filing, which results in further legal fees and delays

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[4] The PTO's appeal board does not always fix the problem of "unreasonable" claim constructions, as evidenced by a regular series of Federal Circuit reversals finding PTO BRI-based claim constructions overbroad even after intra-agency appeals. *E.g.*, *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1298 (Fed. Cir. 2015); *In re Suitco Surface, Inc.*, 603 F.3d 1255, 1260 (Fed. Cir. 2010); *In re Skvorecz*, 580 F.3d 1262, 1267 (Fed. Cir. 2009). Of course, many inventors cannot afford the cost and years of delay of a two-level appeal to overturn BRI-based rejections.

the issuance of the patent, not to mention taxing PTO resources.

NAPP members also report that amendments necessitated by the BRI standard often complicate claim language, such as by inserting extra words to make explicit what readers understand anyway. Lay people often criticize patents claims as being hard to understand, and the PTO's use of the BRI standard contributes to that perception.

B. The use of two claim-construction standards complicates litigation and creates agency/court conflicts.

Another set of adverse consequences of dual claim-construction standards is that the PTO is not bound by court rulings. *See In re Baxter Intern., Inc.*, 678 F.3d 1357 (Fed. Cir. 2012) (cancelation of claims in reexamination upheld despite contrary district court decision); *In re Construction Equipment Co.*, 665 F.3d 1254 (Fed. Cir. 2011) (cancelation of claims in reexamination upheld despite previous rejection of invalidity argument in parallel appeal from district court). The Federal Circuit has even gone so far as to vacate sizable damages awards after the PTAB cancels claims that the Federal Circuit previously enforced. *See, e.g., Fresenius USA, Inc.* v. *Baxter Intern., Inc.*, 721 F.3d 1330 (Fed. Cir. 2013) (vacating $23 million district court judgment based on later PTO invalidity decision). The Federal Circuit justifies this reversal of fortune based largely on the PTO's application of different standards than courts. *In re Baxter*, 678 F.3d at 1364-65. The PTO makes no secret of its view that the BRI standard enables examiners to act contrary to a federal court's claim-construction ruling. Manual Pat. Exam. Proc.

§ 2258(I)(G) (9th ed. Oct. 2015) ("Where there is related litigation and a federal court has made a judicial interpretation of a disputed claim term, the examiner in treating the disputed claim term should set forth his or her reasoning by, for example, acknowledging the judicial interpretation and assessing whether the judicial interpretation is consistent with the broadest reasonable construction of the term."). In essence, the BRI standard creates an entirely separate body of claim-construction law, with the PTO and the federal courts largely sailing past each other in the night, despite this Court's previous emphasis on uniformity in claim construction.

The PTO even takes the remarkable position that the claims of a given patent can suddenly shift in scope when the patent expires, even though the patent can still be enforced after expiration during the statute of limitations provided by 35 U.S.C. § 286. *See Cuozzo*, 793 F.3d at 1276, n. 6 ("The claims of an expired patent are the one exception where the broadest reasonable interpretation is not used").

These consequences—all of which derive from the use of two different standards—result in deviations from the usual rules of litigation finality and repose. A two-bite-at-the-apple system works against inventors, who might defend their patents in court only to see them invalidated in the PTO on the same ground. This asymmetric system increases litigation cost and length and warps the constitutional policy of promoting invention.

The IPR process for which the Director advocates offers a similarly asymmetric "two-bite" system, likewise uniformly harmful to inventors. The IPR process, under the PTO's rules and interpretations,

literally invites a regular situation where the PTO would use BRI to judge validity, but if the patent survives, the district court would likely ignore the PTO construction and use a narrower construction of the same claim language, even when the court is asked to judge a losing IPR petitioner's non-infringement defense.

Dual processes also encourage collateral litigation processes. After all, if different forums apply different standards, then more fights will erupt about decision making authority, standards and burdens of evidence, standards of review, etc. For example, disputes about litigation stays pending PTO post-grant processes will increase. Similarly, when stays cannot be or should not be granted, wasteful parallel proceedings will become more frequent.

Such distortion of claim scope can result in unfairness to all parties involved in the patent system: inventors, accused infringers, and the rest of the public. Artificially broadening claim scope during examination makes patent procurement unduly hard for inventors. Conversely, narrowing claim scope in court by rejecting the examiner's interpretation under the BRI interpretation makes it more difficult for inventors to prove infringement and for accused infringers to prove invalidity. In the meantime, all parties have less notice of their actual rights because the intrinsic record is less reliable than it would be under a unitary standard of claim construction. One cannot always predict which party will benefit the most, but one can conclude that it would be fairer for the PTO and the courts simply to use the same claim-construction standard.

CONCLUSION

For the foregoing reasons, NAPP respectfully encourages the Court to find for Cuozzo on the first question by holding that the PTAB should construe claims in IPR proceedings in the same manner as the federal courts do when enforcing patent rights. More generally, NAPP invites the Court to hold, consistent with its precedents, that there is only a single correct standard for claim construction, *i.e.*, the in-court standard described in *Phillips* v. *AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (*en banc*). If the Court decides the first question on narrower grounds, such as the limited availability of amendments during IPR proceedings, then NAPP respectfully requests this Court to confirm explicitly that its opinion does not foreclose a future challenge to the PTO's use of the BRI standard generally.

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